

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 702 – SB 830

April 3, 2013

SUMMARY OF ORIGINAL BILL: Extends, from 10 to 20, the number of days that a sponsor of a public charter school may appeal to the State Board of Education (SBE), a local board of education's denial of a public charter school application.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (005627, 006296): Amendment 005627 Deletes all language after the enacting clause. Creates a new state charter school panel which shall be authorized to hear appeals of public charter schools that have had their initial or renewal applications denied by LEAs that contain at least one priority school. Appeals for denials or renewals in LEAs that do not contain at least one priority school shall continue be heard by the State Board of Education. Sets forth the procedure by which the panel's members shall be appointed and the process by which the panel shall hear appeals of public charter school initial applications and renewals. The panel shall be the chartering authority for any public charter schools that it authorizes. The panel's decision to allow a public charter school to amend its charter shall not be appealed. The panel shall be a new independent state agency. Members of the panel shall not receive salary but may be reimbursed for actual expenditures in accordance with the state's travel regulations. The panel shall hire an executive director who shall be empowered to hire additional staff as needed. Requires the panel to file an annual report on the overall state of public charter schools and charter school authorizers with the Education Committees of the General Assembly and the Comptroller of the Treasury by February 1, 2014, and each year thereafter. Requires the Comptroller to include the panel as part of its audit of the Department of Education. Public charter schools authorized by the new state charter school panel shall receive the full state and local Basic Education Program (BEP) funding and federal funding due to other public charter schools in accordance with Tenn. Code Ann. § 49-13-112. Federal and state BEP funding will be received by charter schools authorized by the panel directly from the Department of Education. In LEAs where a charter school has been authorized by the state charter school panel and the LEA no longer contains at least one priority school, the

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LEA shall become the chartering authority. Authorizes public charter schools to enroll students from outside the jurisdiction of the LEA. Authorizes a chartering authority to take into account current and past performance, or lack thereof, of any charter school operated by the sponsor. The panel shall begin to hear appeals for public charter schools proposing to open in the 2015-2016 academic year.

Amendment 006296 requires the LEA to be the chartering authority for public charter schools authorized by the panel in cases where a majority of student funds come from local sources. Prohibits the total estimated fiscal impact of charter schools authorized by the new panel during a three-year period from exceeding three percent of the base operating budget of the LEA for the entirety of the three-year period. The base operating budget of the LEA shall be the annual budget adopted by the LEA for the fiscal year in which the panel initially approves operation of a public charter school within the LEA. Requires the base operating budget to be reset every three years to reflect the annual budget adopted by the LEA for the fiscal year in which the state panel subsequently approves operation of a public charter school within the LEA. After the state panel has authorized public charter schools to the extent allowed under the bill as amended, no appeals may be heard by the panel for applications for operation of public charter school in LEAs during any part of a period after such authorization.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$239,000


Assumptions for the bill as amended:

- Based on information received from the Department of Education, it is estimated the panel will hire an executive director at a cost of \$100,000 in salary and \$30,000 in benefits and at least one additional administrative staff position at a cost of \$35,000 in salary and \$10,500 in benefits. These individuals will coordinate the evaluation of initial public charter school appeals and subsequent renewals, oversight, and monitoring of the panel's authorized public charter schools.
- The DOE estimates that equipment, supplies, and travel expenses will be \$20,000; office rental is estimated to be \$3,600; and meeting expenses to hold at least two meetings each year is estimated to be \$40,000.
- The total recurring increase in state expenditures is estimated to be \$239,000 (\$130,000 + \$45,500 + \$20,000 + \$3,600 + \$40,000).
- Public charter school sponsors may currently appeal denials of initial applications or renewals to the SBE. No increase in the number of authorized public charter schools that would have been denied under current law through the appeals process that the state charter school panel will hold.
- No increase in state or local BEP funding.

- Any decrease in state expenditures as a result of the SBE no longer reviewing the public charter school appeals or renewals from LEAs that contain at least one priority school is estimated to be not significant.
- Any increase in state expenditures to perform an audit of this agency is estimated to be not significant.
- No increase in state or local expenditures as a result of prohibiting the fiscal impact of public charter schools within an LEA from exceeding three percent of the LEA's base budget during a three year period.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" and last name "Geise" clearly distinguishable.

Lucian D. Geise, Executive Director

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